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SUBJECT: SENEGAL'S FIU (CENTIF) LAUNCHES NEW OUTREACH PROGRAM TO
ENFORCE ANTI-MONEY LAUNDERING LAWS; COUNTERTERRORISM LAW PASSED

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¶1. SUMMARY: NGouda Fall Kane, Director General of Senegal's Financial Intelligence Unit (FIU) the CENTIF, presided over a January 23 workshop, where he encouraged enhanced cooperation with different partners including the country's notaries public to strengthen the understanding and implementation of the West African Economic and Monetary Union (WAEMU) Uniform Law on Money Laundering (UL). The participants included representatives from the Notaries' Association, the Bar Association, the Accountants' Association, the professional Bankers' Association, and senior officials from the Ministry of Finance, the Ministry of Justice, the West African Central Bank (BCEAO), customs, police, gendarmes, and nongovernmental organizations (NGOs). The CENTIF plans to organize a series of meetings with other correspondents to reinforce cooperation and improve communication within the implementation framework of the UL, with a view towards significantly improving Senegal's anti-money laundering capabilities. On January 31, the National Assembly adopted new counterterrorism legislation for which we have been pressing. END SUMMARY.

ENHANCING A COOPERATIVE AGREEMENT

¶2. On January 23, Senegal's Financial Intelligence Unit (FIU), the CENTIF, organized and hosted a workshop covering issues on money laundering and the implementation of the WAEMU Uniform Law on Money Laundering. This was the first major effort by the CENTIF since its establishment in August 2005 to publicly promote its role as one of Senegal's key AML organs. NGouda Fall, Director General of the CENTIF, highlighted for the participants that the workshop represents a new strategy to enhance cooperation between CENTIF and its partners.

¶3. Fall emphasized the urgent need to close the communication gap between the different actors and to develop awareness program on the 2005 Uniform Law (UL). Fall stated that the UL must be applied to banking and non-banking financial institutions alike, and also to intermediaries such lawyers, accountants, notaries public, and brokers/dealers. He pointed out that the law requires both financial and non-financial institutions to report all suspicious transactions as well as all transactions that involve at least 5 million CFA francs (CFAF) (approximately USD 10,000) to the CENTIF. Fall expressed his appreciation for actions taken by some commercial banks as well as Senegal's Customs Service that provided information that allowed the CENTIF to initiate investigations on some suspicious cases. For the notaries, who were the focus of this workshop, Fall encouraged compliance with the UL, and, in

particular, to report real-estate transactions that involves at least five million CFAF.

¶4. At the workshop, a representative of Bankers Association explained that the majority of buildings under construction in Dakar are funded outside of the formal banking sector, stating that "we know the owners, but several of them have never applied for loans from commercial banks." Participants noted with suspicion the large gap between the huge amounts of CFAF spent on building construction and the much smaller level of formal credit for housing disbursed by the banks.

¶5. Ahmadou NDiaye, President of the Notaries' Association, applauded the CENTIF's efforts to improve awareness and stated that his organization is ready to fully cooperate with the CENTIF in any suspicious transaction, including those involving the real-estate market, as well as in the establishment of new enterprises -- another area of concern highlighted by the CENTIF. Ndiaye said that Senegal's buoyant real-estate market could create opportunities to recycle funds. In particular, the growing market for luxury properties in upscale Dakar neighborhoods and at prime coastal locations does not appear, in a cursory analysis, to match local demand or financing flows from the formal sector. NDiaye urged his members to develop "know your customer" principles and to fully comply with the UL practices.

AN OPERATIONAL, BUT LIMITED FIU

¶6. The CENTIF has been operational since August 2005. Though the new legislation largely meets international standards with respect to money laundering, it neither includes terrorist financing nor complies with all Financial Action Task Force (FATF) recommendations concerning politically exposed persons, and it lacks certain compliance provision for non-financial institutions. Its three objectives aim to develop awareness program, detect suspicious transactions, and encourage international cooperation in money laundering. The CENTIF has received technical assistance from the

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Office of Technical Assistance of the U.S. Department of Treasury and the French Treasury. France is reportedly preparing to sponsor Senegal's FIU for Egmont Group membership.

¶7. In 2006, the CENTIF received 48 suspicious transactions declarations, and to date has referred six of these to the Prosecutor General. All but two of the declarations have been made by banks. The other two came from Senegal's Customs Service. The FIU currently has a staff of 23, including six appointed members: the President who by law is chosen from the Ministry of Finance and five others detailed from the Customs Service, the BCEAO, the Judicial Police, and the judiciary.

¶8. The CENTIF is an administrative-type FIU. It has full authority to request and obtain information from any correspondent or reporting entity whether it is public or private. It can enlist the police or gendarmes for deepening investigations on suspicious cases. It does not, at present, have regulatory responsibilities. Director General Fall stated that the CENTIF plans to organize similar workshops in 2007 targeting other non-financial players, including the Accountants' Association, the Bar Association, and Senegal's Customs Service.

NEW COUNTERTERRORISM LEGISLATION ADOPTED

¶9. On January 31, the National Assembly adopted a new law that will grant increased powers to investigative authorities and allow up to 30 years in prison or a life term of hard labor for those convicted on terrorism charges. Welcoming the legislation, Senior Minister for Justice Cheikh Tidiane Sy explained that the "all states are vulnerable to the proliferation and frequency of terrorist attacks, which are being perpetrated by increasingly organized groups with sophisticated methods."

COMMENT

¶10. There is no question that larges sums of money are flowing into

Senegal from private sources, much of which is buying concrete, rebar, and high-end furnishings for the country's luxury residential housing boom. Some of this money is no doubt from standard remittances from overseas family members. Much of the rest is widely assumed to be sourced from illicit and politically-derived funds, both local and foreign. Senegal has made considerable progress in establishing an operational FIU, and the CENTIF's new outreach approach is an important enhancement of its role, leading, we hope, to a marked improvement of Senegal's enforcement of existing AML laws. However, even with a dedicated FIU, Senegal's deteriorating political climate in light of the 2007 presidential elections, and a generally non-transparent judiciary could retard any efforts to take this progress to the next level of actual prosecutions and convictions of money launderers. Senegal needs to speed up reforms leading to greater transparency in the judicial, financial, and real estate sectors.

BIOGRAPHIC NOTE - NGOUDA FALL KANE

¶10. Mr. NGouda Fall Kane, was appointed Director General of the CENTIF in July 2004. He is a Senior Executive Treasury Inspector. He graduated from the National School of Administration and Justice. Born in 1952, Fall has 25 years of experience as a Tax Collection Officer at the Treasury Department in the Ministry of Economy and Finance. Fall is widely considered honest and hard-working, and is well and favorably known within Senegal's financial community. Fall has limited English.

Jacobs